



Verification Assessment

COMPANIES: Esquel Group
COUNTRY: Sri Lanka
ASSESSMENT DATE: 08/27/19
ASSESSOR: Insync Global
PRODUCTS: Apparel
NUMBER OF WORKERS: 1187

FLA Comments

Esquel Group ended their affiliation with the Fair Labor Association in May 2020. Therefore, there will be no further updates to the Company Action Plans contained in this report.

Due to this disaffiliation Esquel Group is no longer listed on the Fair Labor Association Website, however, their Independent External Assessment reports can still be found at: <https://www.fairlabor.org/transparency/workplace-monitoring-reports>

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations
Compensation	1
Hours of Work	2
Employment Relationship	10
Health, Safety, and Environment	6
Freedom of Association	3

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not provide employment contracts in Tamil to the six Tamil workers who cannot read or write Sinhalese.
2. The factory defines probation period as six months with a possibility to extend to one year, with management's discretion. This is longer than the three-month maximum, as set by the FLA Code.
3. The factory has defined an age range for fixed-term contract workers: 50 to 59 years.
4. The factory does not provide ongoing training to workers on Recruitment, Hiring & Personnel Development or on workplace standards and code of conduct.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3.2, ER.5.7, and ER.10; Nondiscrimination Benchmark ND.2; Compensation Benchmark C.3)

Root Causes

1. The factory does not have an effective internal audit system in place, especially for labor related issues. Although the factory has conducted internal audits, they could not provide any audit reports for the last 12 months. Furthermore, internal audits focused more on issues regarding Health & Safety.
2. The HR staff responsible for recruitment assumed that all workers could read and write Sinhalese.
3. The six-month probation period and age limits for certain jobs are in line with local law requirements.
4. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.

5. Although the factory is a part of a group of factories in different countries owned by a single supplier, there are limited opportunities for collaboration between factories on labor and Environment, Health & Safety (EHS) issues.

6. The factory does not have a defined period to review and revise the internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revision of the Recruitment & Hiring policy and procedures was in 2014. It is not clear what revisions were made as the revisions were not recorded.

Recommendations for Immediate Action

1. Provide the six Tamil workers who cannot read or write Sinhalese with employment contracts in Tamil.
2. Limit the probation period to three months, as per FLA Code.
3. Remove any age limits in the factory's internal procedures for all types of employment.

FLA's Recommendations for Sustainable Improvements

1. Review the internal audit system in place, at both the group and factory level, to ensure periodic labor audits take place similar to the EHS audits that are currently conducted by local factory management.
2. Review and simplify the existing recruitment procedure to ensure there are clear steps on checking the literacy level of workers during the recruitment process and what to do when employing an illiterate candidate.
3. Revise the sections in the factory's recruitment policy ("personal administration policy") on six-month to one-year probation and age limit for fixed-term contract workers – sections 5.5.PTX.02.02.01 and 5.5.PTX.02.03.021 respectively – to be in line with the FLA Code.
4. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
5. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Facility has regular HR review conducted by headquarters, and the recent HR internal review was conducted in March 2018 by Corporate CSR & Group Internal audit team. Facility also engaged more resources to carry out internal audits to address labor related area at facility level. Facility internal audit will be completed by 30 Nov 2018.
2. Facility will conduct FLA benchmark sharing session benchmark to facility team through CSR
3. Facility shall get involve worker/union representation when develop, review & communication of internal policy and procedure. Recent review of legal change in Maternity Benefits Act, facility got involved with worker/union representative, and conducted training to worker/union representative.
- 4,5. Trainings are conducted regularly to facility employees.

Planned completion date

08/31/18

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. (Remediated) Apart from providing letters in Sinhalese to all workers, the factory provides employment contracts in Tamil to Tamil workers who cannot read or write Sinhalese. These letters (in Tamil) are signed by workers. The uniform policy, acknowledgment of receipt of employee handbook, banking information, consent for deduction of cost of meal, death donation and transport from wages signed by Tamil workers are all in Sinhalese, not Tamil.
2. (Not Remediated) The factory defines the probation period as six months with a possibility to extend to one year, with management's discretion. This is longer than the three-month maximum, as set by the FLA Code. [C.3]
3. (Not Remediated) The factory does not currently employ any fixed-term contract workers. Clause no A02.05.02 under fixed term employment personal administration procedures states the maximum age or fixed term employment would be 59 years.
4. (Not Remediated) The factory does not provide ongoing training to workers on workplace standards, the Code of Conduct, Recruitment, Hiring or Personnel Development. Workplace standards and the Code of Conduct are posted in the factory, however information on personnel development is not posted. This information is provided during the orientation program at the time of hiring. [ER.1]

Local Law or Code Requirement

FLA Workplace Code Employment Relationship Benchmark ER.1 and Compensation Benchmark C.3.

Recommendations for Immediate Action

1. Revise probation period so it does not exceed the three-month period.

PREVIOUS FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. It was not clear if management had paid the Budgetary Relief Allowance payment for May 2015 in line with local law. Management stated they had paid workers the Budgetary Relief Allowance in conjunction with a raise. However, management was not able to provide an official letter from the Commissioner of Labor confirming this practice of paying the Budgetary Relief Allowance is acceptable.
2. Before festival advances are made, the factory asks workers to assign a senior worker to be a guarantor who is held responsible if the worker who receives the advance leaves the factory after the festival. According to this procedure, a worker with five years or more of seniority can be a guarantor for three workers while a worker with one to five years of seniority can be a guarantor for two workers (5.5.PTX.02.04.03.03). In the event a worker who has received an advance payment does not return to work after the festival holiday, the factory deducts the amount of the payment from the guarantor's salary.
3. The format of the pay slip is complicated and does not include clear explanations of gross and net payments. Furthermore, the headers of the pay slip are in English and not in the local language. Management stated that there are plans in place to offer the pay slips in the local language of all workers.
4. The factory has provided electronic terminals to allow workers to check their individual working hours and compensation details; however, the terminals do not have a local language option. Their current language selections are limited to Chinese, Vietnamese and English. Furthermore, the terminals are located in hallways outside the production areas and are therefore not isolated, allowing bystanders to see workers' information.

Local Law or Code Requirement

Budgetary Relief Allowance of Workers Act, No. 4 of 2016, Section 10; FLA Workplace Code (Compensation Benchmarks C.1, C.12, and C.14)

Root Causes

1. The factory has requested guarantors for workers' festival advances for a long time without any issues. Although it is not implemented widely in the textile industry, it is not against local law and the spirit of this practice is to protect the factory from workers potentially leaving the factory after receiving this advance payment.
2. The pay slip format has been in use for a long time and management has not received any complaints from either the union or the workers. However, management has decided to offer the pay slips in the local language in light of their own investigation.
3. The electronic terminals for the workers which allow them to check their individual working hours and compensation details is

considered a good practice as there is no such legal requirement to provide them. This practice is common in other affiliate owned factories and these devices and software are copied from those other factories in China and Vietnam; therefore, local management has not had the chance to work on translation and adaptation of this system for Sri Lankan factories.

4. The factory does not have an effective internal audit system in place. Although the factory has conducted internal audits, they could not provide any audit reports for the last 12 months. Furthermore, internal audits focused more on issues regarding Health & Safety and does not cover issues related to labor.

5. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code.

6. Although the factory is a part of a group of factories in different countries owned by a single supplier, there are limited opportunities for collaboration between factories on labor and EHS issues.

7. The factory does not have a defined period to review and revise the internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revision of the Compensation policy and procedures was in 2014. It is not clear what revisions were made as revisions were not recorded.

Recommendations for Immediate Action

Pay the Budgetary Relief Allowance payment from May 2015 in line with local law. Management needs to seek an official letter from the Commissioner of Labor confirming their payment practice is legally acceptable.

FLA's Recommendations for Sustainable Improvements

1. Revise procedure (5.5.PTX.02.04.03.03) to remove the requirement of guarantors for festival advance payments and implement standard industry practice for festival advance payments: giving workers 1-3 months' wages as an advance which is then deducted gradually in equal installments over the course of a year.

2. Simplify the pay slip format to have clear explanations on gross and net payments, working hours, and deductions. Change the language of the pay slips to one(s) that all workers can understand.

3. Update the software on the electronic terminals to provide language support for all workers. Place terminals in kiosks to provide workers with privacy when viewing their personal information.

4. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.

5. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA code and benchmark requirements.

6. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Budgetary Relief Allowance is enacted by Sri Lanka parliament and every employer legally bind to comply. However the commissioner of labor is authorized to take legal action if the management practice is not legally aligned. The pay records are declared in the check roll and the slip issued to the worker. Attached a pay slip with printed details for reference.

2. The concept of festival loan scheme is to support worker financially and the total fund facilitated by company with is based on mutual trust, and requesting guarantor is to ensure the repayment with no debts. This process assures that funds are collected and to assist workers in next cycle. Further facility HR work to recover balance payment from the worker in case not returning to work

through his final payment and it does not mean the system penalize the guarantor when there is recovery. However facility shall review the current process and get worker feedback to find alternative options to assure the repayment.

3. Payslip provided a translation of pay headers in native language and printed total earnings (gross salary), total deduction and the net salary. Attached photo evidence for reference.

4. Facility is working with Group IT to have local language.

Planned completion date
08/31/18

VERIFICATION RESULT

Finding Status
Partially Remediated

Remediation Details

1. (Remediated) Management has an official letter from the Commissioner of Labor confirming the practice of paying the Budgetary Relief Allowance is acceptable. Amounts of Budgetary Allowance paid are reflected on wage records and wage slips as legally required.
2. (Not Remediated) No change in practice. Guarantors are required to be identified by workers wishing to avail the festival bonus. [C.1]
3. (Remediated) The format in the pay slip provides information on earnings, deductions, and net amounts paid. Translation of headings are printed in English, Sinhalese, and Tamil.
4. (Not Remediated) The factory has provided electronic terminals to allow workers to check their individual working hours and compensation details; however, the terminals do not have a local language option. Their current language selections are limited to Chinese, Vietnamese, and English. Furthermore, the terminals are located in hallways outside the production areas and are therefore not isolated, allowing bystanders to see workers' information. [C.1]

Local Law or Code Requirement
FLA Workplace Code Compensation Benchmark C.1.

Recommendations for Immediate Action

1. Guarantors should not be required to be identified by workers wishing to avail the festival bonus.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. It was observed that approximately 15 workers were performing catch-up work during the break and/or before and after regular working hours.
2. Monday through Friday, the factory works on single shift which starts at 8:00 AM and ends at 4:20 PM with regular overtime until 6:20 PM. On Saturdays, more than 5.5 hours of work is considered overtime. Although weekly working hours of the sampled workers is less than 60 hours per week, all sampled workers perform overtime work on a regular basis (February and March 2016 were the only exceptions, as there was an industrial action). The average overtime hours for each department is as follows:
 1. Workers in the sewing section work an average of 30 hours of overtime per month with a maximum of 34 hours in May 2016;
 2. Workers in Quality Control work an average of 28.8 hours of overtime per month with a maximum of 32.75 hours in May 2016;
 3. Workers in the ironing section work an average of 28.8 hours of overtime per month with a maximum of 32.46 hours in May 2016;
 4. Workers in the packing section work an average of 26.98 hours of overtime per month with a maximum of 31.25 hours in May 2016.
3. The factory factors workers' overtime into their performance evaluations; therefore, if a worker does not work overtime, their performance score will decrease.
4. The factory does not offer any special protection to pregnant workers regarding working-hour arrangements and therefore they work the same hours, including overtime, as regular workers. Furthermore, the existing timekeeping system does not automatically identify pregnant and lactating women.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.24; Nondiscrimination Benchmark ND.8.1.1; Hours of Work Benchmarks HOW.1 and HOW.5)

Root Causes

1. The factory has a performance-based bonus system based on the line's performance. If workers fall behind on their individual production targets, it affects the performance figures, and therefore bonus, of the whole line. As a result, this pressures workers to stay and work during break hours and/or before and after regular working hours.
2. Management lacks knowledge of FLA's requirement regarding regular overtime work; they thought that complying with the hours limits (of both the FLA and local law) would be sufficient.
3. Workers heavily rely on extra income generated from overtime work.
4. Since regular overtime work is a reality for this factory, capacity calculations always include overtime; therefore, overtime is necessary for the on-time delivery of orders.
5. Local law does not require any special protection measures on the working hour arrangements of pregnant workers.
6. The factory does not have an effective internal audit system in place. Although the factory has conducted internal audits, they could not provide any audit reports for the last 12 months. Furthermore, internal audits focused more on issues regarding Health & Safety and does not cover issues related to labor.
7. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.
8. Although the factory is a part of a group of factories in different countries owned by a single supplier, there are limited opportunities for collaboration between factories on labor and EHS issues.
9. The factory does not have a defined period to review and revise internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revisions of the Hours of Work policy and procedures was in 2014. It is not clear what kind of revisions were made as the revisions were not recorded.

Recommendations for Immediate Action

1. Ensure that workers do not work during breaks or outside of regular working hours. It is recommended to cut off illumination and the power to the production lines during breaks and outside of regular working hours.
2. Ensure that overtime is not requested or performed on a regular basis and overtime does not factor into a worker's performance evaluation score.

FLA's Recommendations for Sustainable Improvements

1. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.
2. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
3. Commission an impartial expert organization to analyze the performance evaluation system and make any necessary revisions. Do not include overtime work as part of workers' performance evaluations as it's a voluntary extra work that performed after regular hours.
4. After careful review of the current performance evaluation system, find ways to encourage improvement of workers' individual performance and incentivize gains to increase production output during regular hours by increasing workers' incomes without overtime work.

5. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation. Changes made to the Hours of Work policy and procedures must ensure that overtime work is consensual and not regularly requested, even if it is in line with local law.
6. Do not include overtime work in the capacity calculations of production volume.
7. Make arrangements for special protection of women workers who are more than seven months pregnant through working hours, as it is standard industry practice.
8. Revise timekeeping system to ensure that the working hours of pregnant and lactating women are captured and tracked.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The practice is to switch off the power on respective sewing lines during the break time. Therefore workers cannot operate the sewing machines during break time. Facility also educated all employees to be out of work place during the break times and issued internal circular for action.
2. Facility strengthen and empower section heads to work on actual hours plan. Excessive overtime should obtain the approval from the management, and disciplinary action should be taken in case of unauthorized work. Further a weekly report is generated and circulated among senior leadership for timely review.
3. Facility use globally accepted mechanism to set production targets. The performance evaluated based on the efficiency instead of overtime work. Yet, facility management continuous review the alternative creative ways to enhance workers awareness on performance evaluation scheme.
4. Facility HR department assure monitoring and maintaining records for pregnant workers as prescribed by the law. Every pregnant employee could perform overtime with mutual consent. Further facility treated pregnant employees with additional care such relax in work, provide nutritious foods, allow additional rest period as they need, assigning light work completely after 7 month or before on request. The HRIS provided facility to identify the pregnant employees and update master file with acknowledgment of the clinic card.

Planned completion date

08/31/18

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. (Remediated) No worker was observed performing catch-up work during the break and/or before or after regular working hours. The factory switches off the power supply to machines in work areas during breaks.
2. (Partially Remediated) Working hours, as noted from time cards reviewed for months of July 2019, January 2019, and August 2018 revealed workers worked between 50 to 55 hours a week in August 2018, up to 55 hours a week in January 2019, and up to 60 hours a week in July 2019. Management stated that effective March 1, 2019, working hours were changed to 5 days per week with 9 working hours per day; Saturdays and Sundays are rest days. Workers work for 10 hours of overtime on alternate Saturdays. On a daily basis, workers work for an hour of OT. [HOW.1]
3. (Not Remediated) No change in practice. The factory factors worker overtime into their performance evaluations; therefore, if a worker does not work overtime, their performance score will decrease. [ER.24]
4. (Not Remediated) The factory provides an additional break between breakfast and lunch and provides nutritional food to pregnant workers. There is no change to working hours or any special protection for pregnant workers; they work the same hours, including overtime, as regular workers. Based on requests, pregnant women are allowed to leave or arrive late with no deduction in wages. The existing timekeeping system does not automatically identify pregnant and lactating women. [HOW.5]

Local Law or Code Requirement

Recommendations for Immediate Action

1. On a daily basis, workers work for an hour of OT. Overtime work should not be requested on a regular basis.
2. Performance evaluations should be based on regular hours of work and should not include overtime.
3. Introduce a time recording system that identifies pregnant and lactating women.

PREVIOUS FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. Based on a survey of workers during the assessment there were several major concerns raised by the workforce. A large majority of the workforce does not believe there is good communication between the management and works, and do not feel comfortable providing feedback to management.
2. This survey also revealed that there were ongoing issues related to Freedom of Association in the factory, including, unfair dismissals of workers and pressure to resign from the union.
3. Additional concerns from the workforce included: unreasonable daily production targets, hours of work for pregnant workers, and poor hygiene conditions.
4. It has been more than three years since the the factory's policy and procedures on Freedom of Association was revised. The following issues were observed:
 - a. Scope of the policy and procedures is limited with "in-house labor union" and it's not clear what that definition means.
 - b. Rights of minority unions and their members are missing
 - c. There are no guidelines or information on collective bargaining process
 - d. No reference to ILO convention number 98 which is ratified by Sri Lanka
 - e. No information or guideline on industrial actions

Local Law or Code Requirement

Industrial Disputes Act (1951) Amendment (1999), Section 32A; Industrial Disputes Act (1951), Section 8(2); FLA Workplace Code (Employment Relationship Benchmarks ER.25; Freedom of Association Benchmarks FOA.5, FOA.11, and FOA.16)

Root Causes

1. Miscommunication between workers and management on compensation harmed peace in the workplace. Although management had provided letters to the workers regarding the change in the incentive system and bonuses, management should not have assumed that workers would understand this change by reading the document, as some workers are illiterate (the assessment team had to help them during the survey process), especially as this was a critical change affecting workers' incomes. Furthermore, some workers claimed that a manager told them that there would not be any changes and they would receive the same bonus of LKR 3,199 (USD 21.07), an amount written on the factory building (on the wall in the motorbike parking area), which confused workers. The manager in question has been transferred to another factory in the same supplier group and assessment team did not have a chance to interview him to understand communication between workers and this manager.
2. The absence of a worker representative system within the factory kept workers from being part of the decision-making process and hindered communication between management and workers. Furthermore, it means that the union is the sole representative of the workforce in the factory, which is not accurate as a big part of the workforce consists of non-union workers even before these events occurred. Since non-union members are not represented, their concerns, ideas, and feedback were not heard by management. Eventually the union took advantage of the situation and acted as if they were representing whole workforce.
3. Involvement of the company's CSR team in this situation was ineffective as most was planned by the local management and HR department rather than the CSR team. As an FLA accredited participating supplier, the CSR team should have been more active and involved with this issue.
4. Although using a retired judge to conduct an independent investigation was a good idea, its implementation created some confusion among union representatives and workers due to tension in the workplace. Additionally, union representatives and workers knew that company management found the former judge and conducted this investigation without the presence of an independent third party verification and/or involvement of an impartial organization. The company should have reached out to the FLA when deciding to conduct the investigation to ask for support in conducting an independent investigation.

5. There is not a functioning disciplinary committee in place and therefore suspensions and/or dismissals are carried out without union and/or worker involvement. There are a number of other issues found in the existing workplace conduct and disciplinary system which casts doubt on suspensions and dismissals.
6. There is not much awareness of FOA or CBA rights within the factory, as neither workers or managerial staff have received specific or ongoing trainings on this topic. Existing FOA policy and procedures are not totally in line with either the company's or the FLA Code requirements.
7. The factory does not have an effective internal audit mechanism on labor related issues. Local management has conducted many EHS audits since the incident but for labor.
8. Regular overtime work is a problem which violates the FLA Code and benchmark requirements, in addition to negatively impacting workers.
9. Assessors and management received frequent complaints regarding the existing performance evaluation system. This system should be analyzed by an impartial organization and the necessary revisions made. Numerous workers were doing catch up work, working off-the-clock, even during the assessment. It is not acceptable to include OT work in the performance evaluation system.
10. During conversations with management, it was observed that most of them still blame the union (CMU) for their uncooperative behavior, the slowdown, and the unrest that followed. There is no proof of union's involvement in the slowdown; on contrary, they have refused those claims in writing on their communication with management. Even if the union was involved in industrial action, managers should act in a professional manner in light of proven facts rather than allegations. Communication and bargaining with unions should transcend personal matters and must be based on the principle of good faith. Because CMU has members in at least two of Polytex factories and may reach the 40% CBA threshold for starting the collective bargaining process, dialogue with the union is a necessity.

Recommendations for Immediate Action

1. The assessment team has gathered all the information about the slowdown that had transpired before wage negotiations earlier this year that resulted in a number of disciplinary inquiries and eventually several dismissals. As an initial observation, the assessment team identified some communication problems and worker representation related issues as the underlying reasons. The full assessment report includes an analysis of the situation and detailed conclusions and recommendations. In the meantime, factory management must keep communication channels open with the existing union and intensify its efforts in establishing a representation system for non-union member workers and provide them a communication channel with management through elected worker representatives.

2. Inform the FLA regarding labor rights issues and serious work accidents (e.g., fire, explosions, environmental issues) as soon as possible. The FLA did not receive any information regarding this issue before the assessment.

FLA's Recommendations for Sustainable Improvements

1. Since the legal procedure for the 28 dismissed workers and negotiations between company management and dismissed workers and the union continues, it is not possible for the FLA to have a recommendation for immediate action on this issue. However, the FLA expects all parties to honor any court verdict and/or agreements reached between parties during this legal procedure.

2. Review existing policy and procedures on Freedom of Association to ensure they include the rights of minority unions and their members, guidelines and information on the collective bargaining process, a reference to ILO convention No. 98 which is ratified by Sri

Lanka, and a section with detailed information and guidelines on industrial actions.

3. Improve communication with both union and nonunion workers. For union workers, organize monthly meetings with the union branch members to discuss potential problems and areas for improvement. Document all meetings with meeting minutes and share the minutes with the workforce. Since a big part of the workforce consists of nonunion workers, it is equally important to provide them a communication channel with factory management. To do so, management should organize an election to let nonunion workers elect their own representatives and have meetings with them on monthly basis as they are doing with representatives of the union workers.
4. Organize and deliver trainings for both managerial staff and workers on Freedom of Association and Collective Bargaining topics. These trainings should cover ILO conventions and norms, the workplace code of conduct and benchmarks for the FLA and affiliate, local law requirements, and Industrial Actions
5. Review the internal audit system at both the group and factory level to ensure regular labor audits taken place similar to EHS audits currently conducted by local management.
6. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
7. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.
8. Post key points mentioned by company management during the town hall meeting which took place in February 2016 to ensure the messages are communicated to the workforce.
9. Factory management should make the report of the independent investigation carried out by the former judge publicly available to workers and union representatives.
10. Ensure that union representatives and elected worker representatives are actively involved in the development of policy and procedures as well as the decision making process in existing committees – such as the Health & Safety Committee and Grievance Evaluation Committee – and through the creation of other committees – such as a Disciplinary Committee.
11. Factory management should conduct surveys for both workers and managerial staff to understand their perception on specific issues like freedom of association, the performance evaluation system, Health & Safety conditions, Hours of Work, Compensation, Grievance System, worker representation, and overall worker satisfaction. Conduct these surveys on a regular basis so that company management can identify trends on these topics.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Management initiated alternative channels to improve communication with employees and conduct regular meetings to review feedback. Monthly meetings with union members and employee relation body are held to establish effective communication system at workplace.
3. Facility also took actions to respond the employees feedback shared from grievance and worker representatives, etc. Facility continuous to explain the production target and provide trainings to workers on skill enhancement. Facility also enhance the housekeeping practice to ensure the facility hygiene condition.
4. Facility in the process of reviewing freedom of association policy. Facility will consider proposed changes and issue revised policy.

Planned completion date

08/31/18

VERIFICATION RESULT

Finding Status

Remediation Details

1. HR Management changed in 2018 in the factory. Workers revealed that there is improvement on communication since the management changed. They feel more comfortable conveying their concerns and providing feedback to management. Management formed a worker representative system called DCC (Direct Communication Committee), and this committee meets with management once a month with elected members from each line. Workers are aware of the this system, and they also feel comfortable with the open door policy with HR.
2. According to worker and management interviews, there are no unfair dismissals based on union membership observed in the factory. Union membership has reduced in past years (2016-2017), however the membership rate does not show big fluctuations in the last year and a half. Workers also confirmed there is no pressure to resign from the union.
3. Workers did not report concerns regarding production targets. Pregnant workers do not work overtime and work less than regular hours. According to the tour and worker interviews, hygiene conditions are sufficient.
4. The Industrial Relations policy and procedures were revised February 12, 2019. The policy and procedures include more comprehensive information on freedom of association, freely joining the labor union (in-house removed), ILO references, the collective bargaining agreement process, and restrictions on discrimination to union members or prevention of union actions.

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not have any written policy or procedures on Environmental Protection.
2. Although the factory has a designated area for painting, painting is not always done in the that area but rather outside; therefore, there is paint contamination outside.
3. The factory does not properly organize the hazardous waste; there is some hazardous waste in different locations around the factory which is not completely secure and protected.
4. Some nonhazardous solid waste is scattered around the factory building, and is therefore not stored in an area that is completely secure and protected.
5. The factory does not maintain any documentation on how it handles sludge from the factory's wastewater treatment system.
6. There was paper waste stored in the fabric waste storage area.
7. The factory has not conducted any energy or water audits regarding usage and efficiency.
8. The factory uses compressed air for some sewing procedures, which creates a noisy environment and wastes energy.
9. The factory leaves the lights on during the breaks. Some non-operational work stations remain illuminated at all hours.
10. Oil-contaminated water comes out of dryers, the air tank, and the compressor and directly discharges onto the ground outside.
11. The factory stores different kinds of materials in the secondary container of the generator's diesel tank (e.g., construction material and empty barrels). Some workers use this area as a temporary storage.
12. The pipes and the valves in the boiler room leak steam and are missing insulation.

Local Law or Code Requirement

National Environmental (Protection & Quality) Regulations (No. 1) (1990), Regulations 2 & 5; FLA Workplace Code (Employment Relationship Benchmark ER.1 and ER.31; Health, Safety & Environment Benchmark HSE.1, HSE.2, HSE.9, and HSE.13)

Root Causes

1. There is no active worker or union involvement with ongoing EHS efforts, including internal audits, the development of policy and procedures, and risk analysis. Although the existing Health & Safety policy and procedures manual (5.5.PTX.03.00.00) refers to equal representation in the EHS committee, only seven out of 27 members are workers while the rest are from the managerial staff (e.g., managers, supervisors, chief)
2. The factory has not conducted an environmental risk assessment.
3. There is no specific training on Health, Safety & Environment for workers or supervisors, nor is such training part of the annual training plan. The factory has not conducted a training-needs assessment. The factory does not provide any training on Environmental Protection.
4. Most of these issues have not been identified during internal or external audits in the last 12 months.

5. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.

6. Although the factory is a part of a group of factories in different countries owned by a single supplier, there are limited opportunities for collaboration between factories on labor and EHS issues.

Recommendations for Immediate Action

Ensure that oil-contaminated water from the compressor, tank, and dryer does not discharge directly onto the ground outside.

FLA's Recommendations for Sustainable Improvements

1. Establish a written policy and procedures for Environmental Protection
2. Ensure that painting is always performed in the designated area and not outside.
3. Clean up the nonhazardous solid waste scattered around the factory.
4. Prepare a procedure on how to handle sludge from the wastewater treatment system and keep records of the sludge transfer.
5. Ensure that non-hazardous solid waste area is tidy and paper waste is not stored in the fabric waste storage area.
6. Conduct energy and water audits and improve amounts of energy and water used.
7. Cease the unnecessary use of compressed air in some sewing operations.
8. Prepare and implement a procedure for turning off lights during breaks and to non-operational work stations.
9. Empty the secondary container for the generator's diesel tank. Do not use this area as a temporary storage.
10. Repair the steam leak and provide insulation for pipes and valves in boiler room.
11. Conduct a training-needs assessment for EHS staff as well as union and elected worker representatives to identify specific training they should receive. Conduct a similar training-needs assessment for the whole workforce and different workers in different risk groups. Create an annual training plan response to the results from the training-needs assessments and deliver training accordingly.
12. Update risk assessment report in collaboration with the EHS committee.
13. Increase potential collaboration of different factories in different countries through HQ-level intervention to improve overall Health, Safety & Environment conditions.
14. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.
15. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
16. Ensure that the following hazardous waste is properly marked and stored in the designated areas: machine oil, fluorescent tubes, printer cartridges, cooking oil, asbestos roofing material, empty chemical containers, and contaminated material.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.Factory has policies and procedures for environmental protection for years, please find the attachment #1. 2.Facility has improved designated location to carry out the painting work and avoid any environment contamination 3,4,6.Facility has improved a designated location to collect hazardous and non hazardous waste. All are systematically collected, recorded and disposed. 5.Facility shall coordinate with reputed supplier to collect sludge and dispose in environmental friendly manner. Right now use approved supplier to dispose the sludge and the agreement subject to be finalized. 7.Facility coordinated with an external resources to carry out professional energy audit. Present facility management record usage of water, energy and review action for reduction. In addition, facility completed Higg FEM 3.0 self-assessment. 8.Compressed air was used for some sewing procedures as per the product requirement before, yet facility no longer has this process, and removed the compressed air in the sewing floor. 10.This was rectified and constructed a gully to discharge condensed air with no environment contamination. 11.Facility cleared and instructed to maintain secondary containments with no other materials stored on temporary basis. 12.The missing insulations were fixed and covered. However facility will expect a new boiler and construct a new boiler house with adequate safety measures in future. Planned Completion Date 07/31/18

Planned completion date

08/31/18

Company Action Plan Update

Remediation were taken as above

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. (Remediated) The factory has a written policy and procedures on environmental protection.
2. (Remediated) Painting is done in the designated area.
3. (Remediated) Waste is segregated by product and stored separately in designated areas.
4. (Remediated) Waste is stored in an area that is secure and protected.
5. (Partially Remediated) The factory has an agreement with a service provider for collection of sledge from the waste water treatment plant. However, there were no records to reflect when sludge was last collected. The factory does not have any written procedures on waste handling. [ER.31]
6. (Remediated) Paper waste is stored in the designated storage area.
7. (Not Remediated) The factory has not conducted any energy or water audits regarding usage and efficiency. [HSE.1]
8. (Remediated) Currently the sewing machines are not being used. Management stated that if they use the machines in the future, appropriate arrangements would be made to reduce the noise levels.
9. (Remediated) The factory switches the lights off during the breaks.
10. (Remediated) Oil-contaminated water was noted being discharged into a tank outside the room, collected separately, and transferred to the treatment plant.
11. (Remediated) Secondary containers of the generator's diesel tank are maintained clear of any material storage.
12. (Remediated) The pipes and the valves in the boiler room are insulated and no leaks were noticed.

Local Law or Code Requirement

FLA Workplace Code Employment Relationship benchmark ER 31; Health, Safety & Environment Benchmark HSE.1

Recommendations for Immediate Action

1. Maintain records to reflect when sludge is collected. Draft written procedures on waste handling.
2. Conduct energy and water audits regarding usage and efficiency.

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The MSDS of one chemical (Causeway Super NC Thinner) is missing. Some MSDSs only had 6 sections as opposed to 16 sections as per international standards. Some MSDSs were only in English and not in the local language.
2. The PPE that the factory has provided is not in line with the recommended PPE on the MSDSs and the risks associated with the chemicals in use.
3. The PPE does not have the international quality certification marks.
4. There are some unlabeled containers in the chemical warehouse.
5. The ventilation system in the stain removing section is not operational.
6. The factory has not conducted a volatile organic compound (VOC) measurement within the chemical use areas.
7. The factory does not have a system in place for identifying hazardous chemicals and replacing them with less hazardous alternatives (e.g. trichloroethylene and toluene)
8. There is a risk of direct exposure to asbestos due to asbestos-containing roofing material in the mechanical workshop room, carpentry, welding, canteen and warehouse building.

Local Law or Code Requirement

Factories Ordinance (1950), Section 51(1); FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.9, HSE.10, and HSE.13)

Root Causes

1. Although the factory has a phase-out plan in place for asbestos roofing material, many areas still have this material. It is not an important violation in light of local law and many buildings also have asbestos.
2. There is no active worker or union involvement with ongoing EHS efforts, including internal audits, the development of policy and procedures, and risk analysis. Although the existing Health & Safety policy and procedures manual (5.5.PTX.03.00.00) refers to equal representation in the EHS committee, only seven out of 27 members are workers while the rest are from the managerial staff (e.g., managers, supervisors, chief)
3. The risk assessment does not include most of the serious risks within the workplace, for example asbestos sources, chemical vapors, structural safety, high-risk machinery in the mechanic workshop. Furthermore, the risk assessment was conducted by one managerial staff member rather than the EHS Committee.
4. There is no specific training on Health, Safety & Environment for workers or supervisors, nor is such training part of the annual training plan. The factory has not conducted a training-needs assessment.
5. Most of these issues have not been identified during internal or external audits within the last 12 months.
6. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.
7. Although factory is a part of a big group with many factories in different countries, there are limited opportunities for collaboration between factories on labor and EHS issues.
8. The factory does not have a defined period to review and revise the internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revision of the Health & Safety policy and procedures was in 2014. It is not clear what kind of revisions were made as those revisions were not recorded.

Recommendations for Immediate Action

1. Make all MSDSs available in the local language in areas where chemicals are stored and used.
2. Ensure MSDSs in the factory are in line with international standards and include all 16 of the following sections:
 1. Identification of substance/mixture and of the company/undertaking
 2. Hazards Identification
 3. Composition/information on ingredients
 4. First aid measures
 5. Firefighting measures
 6. Accidental release measures
 7. Handling and storage
 8. Exposure control/Personal protection
 9. Physical and chemical properties
 10. Stability and reactivity
 11. Toxicological information
 12. Ecological information
 13. Disposal considerations
 14. Transport information
 15. Regulatory information
 16. Other information
3. Ensure that the PPE in the areas where chemicals are used are in line with the MSDSs and therefore provide adequate protection from the risks associated with the chemicals in use.
4. Ensure that all PPE have the international quality certification marks.
5. Properly label all chemical containers within the factory.

6. Repair the ventilation system in the stain removing section and ensure it is in good working condition.
7. Conduct annual VOC measurements in the chemical use areas.
8. Ensure that areas with risks of direct exposure to asbestos are properly labeled and the necessary safety precautions are taken, including regular visual inspections and fiber analysis.
9. Implement a system to take any possible steps to replace hazardous chemicals with less hazardous alternatives.

FLA's Recommendations for Sustainable Improvements

1. Review and clear for implementation the phase-out plan for asbestos roofing material.
2. Involve the workers and union in ongoing EHS efforts, including internal audits, the development of policy and procedure, and risk analysis. Equal representation mentioned in existing Health & Safety procedure manual (5.5.PTX.03.00.00) will be provided with inclusion of union and elected worker representatives into EHS committee
3. Conduct a training-needs assessment for EHS staff as well as union and elected worker representatives to identify specific training they should receive. Conduct a similar training-needs assessment for the whole workforce and different workers in different risk groups. Create an annual training plan in light of the results from the training-needs assessments and deliver training accordingly.
4. Update risk assessment in collaboration with the EHS committee.
5. Increase potential collaboration of different factories in different countries through HQ-level intervention to improve overall Health, Safety & Environment conditions.
6. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.
7. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
8. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.Facility posted the significant points translated to the user which will more caution.
- 2,3.Facility use basic detergents internally and all PPE's are recommended to procure to meet safety standard. However the PPE selection process will strengthen and focus safety guidance provided prior to select the PPE.
- 4.All chemicals were properly label complying GHS and stored.
- 5.The stain removing section was relocated and provided adequate ventilation. The area is more open and proper ventilated.
- 6.VOC test were carried out and found all parameters are within the limit. The test report is valid for one year period and facility continues the testing circle annually.
- 7.Facility works closely with global TDC and transformed chemical knowledge and work for reducing chemical usage and find alternatives. (ex: Trichloroethylene replaced by AC115).
- 8.Asbestoses procedure is in place and SOP guided maintenance to comply and do not encourage using Asbestos and highly controlled maintenance. However the main roof of production building were replaced with Zink Al sheets as a step to discourage white asbestos in use.

Planned Completion Date

10/31/18

Planned completion date

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. (Remediated) The MSDS for the chemical (Causeway Super NC Thinner) is posted. MSDS are posted in English and the local language.
2. (Remediated) PPE the factory has provided is in line with the recommended PPE on the MSDS and the risks associated with the chemicals in use.
3. (Not Remediated) The PPE does not include the international quality certification marks. [HSE 7]
4. (Not Remediated) Containers in the chemical warehouse are marked in English and not in the local language. [HSE 9.1]
5. (Remediated) The ventilation system in the stain removing section was operational.
6. (Remediated) The factory measured the volatile organic compound (VOC) on August 23, 2019 within the chemical use areas.
7. (Remediated) The factory has discontinued the use of hazardous chemicals (e.g. trichloroethylene and toluene) and is using less hazardous alternatives like Causeway Super NC Thinner.
8. (Not Remediated) The roofing sheets have asbestos. There is a risk of direct exposure to asbestos due to asbestos-containing roofing material in the mechanical workshop room, carpentry, welding, canteen, and warehouse building. [HSE.1]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7 and HSE.9.1)

Recommendations for Immediate Action

1. The PPE does not have the international quality certification marks.
2. Mark containers in the chemical warehouse in local language.
3. Replace asbestos roofing sheets in the mechanical workshop room, carpentry, welding, canteen, and warehouse building.

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have a centralized and battery powered fire detection and alarm system in place. Not all areas are provided with a fire alarm system, for example the stain removing section and vicinity of that area, washing section and warehouse section. Furthermore, the emergency alarm is not loud enough for all workers to hear and does not include warning lights where necessary.
2. Some electrical panels have overheated and require maintenance: the compressor room is 77 degrees Celsius; the main electrical panel of production building is 68.9 degrees Celsius; and, the electrical panel on the second floor of the production building is 73 degrees Celsius.
3. One battery powered emergency light inside rented building does not work.
4. The factory has not installed any liquefied petroleum gas (LPG) detectors in the kitchen.
5. The lamps in the chemical warehouse and paint-thinner storage area do not have protective covers.
6. Dust has accumulated on the electrical panels in the production area.
7. The factory has not updated the Means of Escape certificate since 2014.
8. In some sections of the rented building, the factory has piled carton boxes up to the ceiling.
9. The main discharge connection valve of the fire pumps was not locked in the open position.
10. The factory does not have an engineering report on structural safety on the rented building that shows the building can be used as a warehouse and office building.
11. The factory does not commission a third-party expert to conduct a fire risk assessment.

Local Law or Code Requirement

Root Causes

1. There is no active worker or union involvement with ongoing EHS efforts, including internal audits, the development of policy and procedure, and risk analysis. Although the existing Health & Safety procedure manual (5.5.PTX.03.00.00) refers to equal representation in the EHS committee, only seven out of 27 members are workers while the rest of the members consist of managerial staff (e.g., manager, supervisor, chief).
2. The risk assessment does not include most of the serious risks within the workplace, for example asbestos sources, chemical vapors, structural safety, high-risk machinery in the mechanic workshop. Furthermore, the risk assessment was conducted by one managerial staff member rather than the EHS Committee.
3. There is no specific training on Health, Safety & Environment for workers or supervisors, nor is such training part of the annual training plan. The factory has not conducted a training-needs assessment.
4. Most of these issues have not been identified during internal or external audits within the last 12 months.
5. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.
6. Although factory is a part of a big group with many factories in different countries, there are limited opportunities for collaboration between factories on labor and EHS issues.
7. The factory does not have a defined period to review and revise the internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revisions of the Health & Safety policy and procedures was in 2014. It is not clear what revisions were made as the revisions were not recorded.

Recommendations for Immediate Action

1. Provide a centralized and battery-powered fire detection and alarm system which covers all buildings within the factory compound.
2. Check and maintain overheated electrical panels in the compressor room, production building, and the second floor of the production building.
3. Replace the nonoperational battery powered emergency light in the rented building.
4. Install LPG detectors in kitchen.
5. Provide protective covers for lamps in the chemical warehouse and the paint-thinner storage area.
6. Prevent dust accumulation on the electrical panels in the production area, by changing these panels with a proper IP class alternative, providing extra isolation, and/or more frequent cleaning.
7. Obtain an updated Means of Escape certificate which covers all sections of the buildings within factory compound.
8. Define the maximum storage height for the rented building and address over stacking in this section.
9. Ensure that the main discharge connection valve of the fire pumps is locked in the open position.
10. Obtain an engineering report on structural safety for the rented building.

FLA's Recommendations for Sustainable Improvements

1. Establish and implement a procedure for regular thermal imaging of the electrical panels and installations to protect against potential overheating issues. Provide a thermal camera to the maintenance and/or EHS teams to conduct the imaging.
2. Involve the workers and union with ongoing EHS efforts, including internal audits, the development of policy and procedure, and risk analysis. Equal representation mentioned in existing Health & Safety procedure manual (5.5.PTX.03.00.00) will be provided with inclusion of union and elected worker representatives into EHS committee.
3. Conduct a training-needs assessment for EHS staff as well as union and elected worker representatives to identify specific training they should receive. Conduct a similar training-needs assessment for the whole workforce and different workers in different risk groups. Create an annual training plan as a response of the results from the training-needs assessments and deliver training accordingly.
4. Update risk assessment in collaboration with the EHS committee.
5. Increase potential collaboration of different factories in different countries through HQ-level intervention to improve overall Health, Safety & Environment conditions.
6. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.
7. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements. 8. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1,3.Automated Fire detection and alarm system were fixed covering stain removing, washing section and ware house section with adequate audible system. Right now the full facility is covered by automated fire detection system. Also facility strengthens the checking system of emergency lights and assigned a maintenance staff to perform weekly check on regular basis. 2,6.Facility replaced electrical panels at compressor room, production areas in 1st and 2nd floor buildings. Further facility purchased thermos meter for testing and all defect panels were replaced. 4.Facility installed liquefied petroleum gas detection unit at kitchen where LPG gas is been used. 5.Facility fixed covered type lights in side the area chemical being used. 7.Facility obtained means of escape certificate with updating all changes in the structure. 8.Stores staff were informed to pile the carton up to marked height and provided proper racking system to store cartons in a safe manner. 9.Facility has constructed a proper pump house and place access control mechanism to avoid unauthorized access. 10.Facility obtained an engineering report on structural safety on the rented building. 11.Facility is in process of arranging fire risk assessment using an external expert in the subject. Planned Completion Date 09/30/18

Planned completion date

08/31/18

Company Action Plan Update

All remediation was taken except fire risk assessment.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. The factory has a centralized and battery-powered fire detection and alarm system in place. All areas are provided with a fire alarm system. The emergency alarm is loud enough for all workers to hear and also includes warning lights where necessary. The alarm was tested during the factory tour.
2. Electrical panels have been replaced and load redistributed to avoid overheating. None were found overheated to the touch.
3. Additional battery powered emergency light were installed in the rented building and worked when tested.
4. The factory has installed two liquefied petroleum gas (LPG) detectors in the kitchen.
5. Protective covers are provided for lamps in the chemical warehouse and paint-thinner storage area.
6. Electrical panels in the production area are maintained free of dust build- up.
7. The factory has updated the Means of Escape certificate, last obtained on December 19, 2017.
8. Carton boxes are stored at safe heights in a rented building behind the canteen.
9. The main discharge connection valve of the fire pumps was seen locked in the open position.
10. The factory buildings were inspected on June 18, 2019 by an external engineer and the report, valid for one year, states that buildings can be used for what they are intended for.
11. The fire risk assessment was conducted on August 12, 2019 by an external fire consultant.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The working and maximum working pressure levels of the pressure vessels are not marked on the manometers in the compressor room.
2. Although technical staff periodically inspects the safety vents of the pressure vessels in the compressor room, these inspections are not documented and there is not a written procedure in place on how these checks are performed and recorded.
3. There is no regular inspection of the mobile compressor in use for painting.
4. Although there is an interlock device on the door of the freight elevator, the door can still be opened while it is in operation.
5. Some machines – less than 3% of the inspected machines – are missing needle guards. On less than 5% of the inspected machines, the workers have lifted up the needle guards.
6. Some compressed air hoses are not bound properly (they are currently bound with ties) with proper fittings and therefore pose a risk of breaking loose if there is physical contact and/or sudden pressure change.
7. Machine guards are missing from the saw, drill, and grinding machine in the carpentry & welding shop.
8. The factory uses compressed air (air guns) for cleaning; however, this increases the amount of dust in the air.
9. Although the factory has a procedure and implements lockout-tagout, it does not provide training to the relevant workers or have a list of machinery for which lockout-tagout is required.

Local Law or Code Requirement

Factories Ordinance (1950), Sections 19, 22(1), and 29; FLA Workplace Code (Health, Safety & Environmental Benchmarks HSE.1 and HSE.14)

Root Causes

1. There is no active worker or union involvement with ongoing EHS efforts, including internal audits, the development of policy and procedure, and risk analysis. Although the existing Health & Safety procedure manual (5.5.PTX.03.00.00) refers to equal representation in the EHS committee, only seven out of 27 members are workers while rest of them members are consisting of managerial staff (e.g., manager, supervisor, chief).
2. The risk assessment does not include most of the serious risks within the workplace, for example asbestos sources, chemical vapors, structural safety, high-risk machinery in the mechanic workshop. Furthermore, the risk assessment was conducted by one managerial staff member rather than the EHS Committee.

3. There is no specific training on Health, Safety & Environment for workers or supervisors, nor is such training part of the annual training plan. The factory has not conducted a training-needs assessment.

4. Most of these issues have not been identified during internal or external audits within the last 12 months.

5. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.

6. Although the factory is a part of a group of factories in different countries owned by a single supplier, there are limited opportunities for collaboration between factories on labor and EHS issues.

7. The factory does not have a defined period to review and revise the internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revisions of the Health & Safety policy and procedures was in 2014. It is not clear what revisions were made as the revisions were not recorded.

Recommendations for Immediate Action

1. Repair the interlock device on the freight elevator to ensure that the door cannot be opened while the elevator is in operation.

2. Immediately provide guards for all high risk machines.

FLA's Recommendations for Sustainable Improvements

1. Mark working and maximum working pressure levels of pressure vessels on the manometers in the compressor room.

2. Establish and implement a written procedure on how to regularly inspect the safety vents of the pressure vessels in the compressor room, and document these inspections.

3. Inspect annually the mobile compressor used for painting and document these inspections like those for other pressure vessels.

4. Provide training to workers on the importance of using needle guards and inspect this issue more carefully during internal EHS audits.

5. Train technicians to ensure they properly bind the compressed air hoses with proper fittings. Inspect this issue during internal EHS audits to prevent recurrence.

6. Prohibit the use of compressed air for cleaning. If it is necessary to use them in some sections, drop pressure in the air guns to two bars.

7. Involve the workers and union with ongoing EHS efforts, including internal audits, the development of policy and procedure, and risk analysis. Equal representation mentioned in existing Health & Safety procedure manual (5.5.PTX.03.00.00) will be provided with inclusion of union and elected worker representatives into EHS committee.

8. Conduct a training-needs assessment for EHS staff as well as union and elected worker representatives to identify specific training they should receive. Conduct a similar training-needs assessment for the whole workforce and different workers in different risk groups. Create an annual training plan in light of the results from the training-needs assessments and deliver training accordingly.

9. Update the risk assessment in collaboration with the EHS committee.

10. Increase potential collaboration of different factories in different countries through HQ-level intervention to improve overall Health, Safety & Environment conditions.

11. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.
12. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
13. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.2.Facility marked maximum working pressure levels of the pressure vessels and manometers in the compressor room. All internal verifications are used checklist and recorded properly and review.
- 3.The mobile compressor in use for painting was inspected by district factory engineer annually. District factory engineer will inspect the compressor used for spray painting by Sep 2018. Facility also maintains the regular records and the report for internal inspections.
- 4.Facility made engineering improvement of freight elevator and doors cannot be opened during in operation.
- 5.Facility CSR/Safety representative conducts regular training on machinery safety devises. Workers are educated during new comer orientation & empowered to comply machinery safety while in operation & line supervisors are advised for monitoring.
- 6.8.Facility advised maintenance department to avoid such unsafe practice and introduce to use "end cap" or remove from the main straight connector and close the steam flow. Facility advised to use compressed air in a designated location to reduce/avoid dust circulation.
- 7.Facility educated the maintenance team on safety application while in work and all Safety devises are reviewed and fixed providing proper guards.
- 9.Training on lockout-tag out is conducted to electricians annually.

Planned Completion Date

09/30/18

Planned completion date

08/31/18

Company Action Plan Update

All remediation was taken except mobile compressor inspection.

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. (Remediated) The working and maximum working pressure levels of the pressure vessels are marked on the manometers in the compressor room.
2. (Remediated) All compressors are inspected by certified and qualified external engineers. Factory technical staff do not carry out any inspections and instead monitor pressure. In case of any irregularity, factory staff contact the service provider.
3. (Remediated) All compressors in use in the factory were last inspected on July 19, 2019 and reports are valid until July 20, 2020.
4. (Remediated) An interlock device has been installed on the door of the freight elevator and was found functional. The doors cannot be opened while it is in operation.
5. (Not Remediated) Needle guards on approximately 10% of sewing machines checked at random were pushed upwards, rendering them ineffective. [HSE. 14.3]
6. (Remediated) Compressed air hoses are now bound properly with proper fittings.
7. (Remediated) Machine guards are installed on saw, drill, and grinding machines in the carpentry & welding shops.
8. (Remediated) The factory uses vacuum cleaners to clean dust in production areas.

9. (Not Remediated) The factory management has not provided any formal training to relevant workers and does not have a list of machinery for which lockout-tagout is required. [HSE 14.2].

Local Law or Code Requirement

Factories Ordinance 1942 (Amended in 2002) –Section 45 ; FLA Workplace Code (Health, Safety & Environmental Benchmark HSE.14)

Recommendations for Immediate Action

1. Install appropriate type of needle guards on sewing machines.
2. Conduct training for relevant workers on the use of lockout-tagout.

PREVIOUS FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Some sockets in the rented building, kitchen, and maintenance room are either not grounded at all or their grounding is not connected.
2. There are high grounding readings in some sections of the rented building and the production building, indicating inadequate grounding.
3. The factory does not provide a residual current device (RCD) on some panels of the rented building and the maintenance building.
4. The RCD selection in some sections of the production area are 100mA ins instead of 30mA.
5. The internal isolation of some electrical panels is problematic and the grounding connection between the covers panels are missing.
6. The factory did not select the outside electrical panels with respect to environmental conditions. As a result, the panels are rusted and are vulnerable to potential water exposure. Some also need maintenance as their internal isolation tape has worn out.
7. The electrical transformer is not totally isolated and restricted from workers' access.

Local Law or Code Requirement

Factories Ordinance (1950), Section 58B(1)(b); FLA Workplace Code (Health, Safety & Workplace Benchmark HSE.13)

Root Causes

1. There is no active worker or union involvement with ongoing EHS efforts, including internal audits, the development of policy and procedures, and risk analysis. Although the existing Health & Safety policy and procedures manual (5.5.PTX.03.00.00) refers to equal representation in the EHS committee, only seven out of 27 members are workers while the rest are from the managerial staff (e.g., managers, supervisors, chief).
2. The risk assessment does not include most of the serious risks within the workplace, for example asbestos sources, chemical vapors, structural safety, high-risk machinery in the mechanic workshop. Furthermore, the risk assessment was conducted by one managerial staff member rather than the EHS Committee.
3. There is no specific training on Health, Safety & Environment for workers or supervisors, nor is such training part of the annual training plan. The factory has not conducted a training-needs assessment.
4. The factory does not have an effective internal audit system in place. Although the factory has conducted internal audits, they could not provide any audit reports for the last 12 months. Furthermore, internal audits focused more on issues regarding Health & Safety and does not cover issues related to labor.
5. The factory management does not know much about FLA benchmark requirements as they have not received specific training on the FLA Code and benchmarks.
6. Although factory is a part of a big group with many factories in different countries, there are limited opportunities for collaboration between factories on labor and EHS issues.
7. The factory does not have a defined period to review and revise the internal policy and procedures. Therefore, the existing policies and procedures are only reviewed when there is a change in local legislation. The last revision of the Recruitment & Hiring policy and

procedures was in 2014. It is not clear what revisions were made as the revisions were not recorded.

Recommendations for Immediate Action

1. Inspect and improve the grounding connections in problematic areas of the rented building, kitchen, and maintenance room.
2. Improve the grounding quality where there are high grounding readings in the rented building and production building.
3. Provide RCD protection in all sections of the rented building and maintenance building.
4. Replace the 100 mA RCDs in the electrical panels in the production area with 30mA RCDs for safety. Use 100mA RCDs (or up to 300 mA) only for the main distribution panels for fire safety purposes.
5. Maintain and isolate or replace outside electrical panels with those with proper IP ratings.

FLA's Recommendations for Sustainable Improvements

1. Periodically control internal isolation of all electrical panels to ensure there are no internal isolation problems and missing cover-body grounding connections.
2. Acquire a multifunctional electrical test equipment to conduct a loop test, RCD test, and voltage drop test, and insulation resistance tests within the factory.
3. Involve the workers and union with ongoing EHS efforts, including internal audits, the development of policy and procedure, and risk analysis. Equal representation mentioned in existing Health & Safety procedure manual (5.5.PTX.03.00.00) will be provided with inclusion of union and elected worker representatives into EHS committee.
4. Conduct a training-needs assessment for EHS staff as well as union and elected worker representatives to identify specific training they should receive. Conduct a similar training-needs assessment for the whole workforce and different workers in different risk groups. Create an annual training plan in light of the results from the training-needs assessments and deliver training accordingly.
5. Update the risk assessment in collaboration with the EHS committee.
6. Increase potential collaboration of different factories in different countries through HQ-level intervention to improve overall Health, Safety & Environment conditions.
7. Review the internal audit system in place – at both the group and factory level – to ensure periodic labor audits take place similar to those currently conducted by local management for Health & Safety.
8. Consult with the FLA and organize joint training sessions for managerial staff to raise awareness of the FLA Code and benchmark requirements.
9. Create and implement a procedure to regularly review all internal policies and procedures without waiting for a change in legislation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-6.Facility has purchased a grounding meter and checked electrical sockets in the rented building, kitchen and maintenance room and rectified as required and certified by chartered electrical engineer issuing electrical commission report.

7.The electrical transformer is physically segregated and instructed to avoid unauthorized access.

Planned Completion Date

07/31/18

Planned completion date

08/31/18

Company Action Plan Update

Remediation were taken as above

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Sockets in the rented building, kitchen, and maintenance room are now grounded.
2. The electrical inspection was conducted by an external engineer to check grounding in all areas and it was found satisfactory.
3. The factory added a residual current device (RCD) on all panels of the rented building and the maintenance building.
4. The RCD selection in production area is based on load.
5. The internal isolation of electrical panels has been rectified.
6. The factory's electrical panels are covered and not exposed to rain or sun.
7. The electrical transformer has been relocated and access from workers restricted.

Inspection of all electrical installations was last conducted on August 15, 2019 by an external electrical engineer and reports were in alignment with requirements. There are recommendations to replace the main distribution board and relocate outgoing cables to underground instead of overground.

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Wages for one of 18 outsourced security guards were not increased based on years of service as required by local law. [C.2]
The amount deducted towards welfare and death donation every month from wages is not defined in the consent letter for outsourced security guards. [C.11.1]

Local Law or Code Requirement

Wages Board Ordinance section 29(3) Chapter 136 effective August 1, 2018: FLA Workplace Code (Compensation Benchmarks C.2, C.11.1)

Recommendations for Immediate Action

1. Ensure appropriate wages are paid to outsourced security guards based on years of employment. Pay back wages from date when the revised wage was applicable.
2. Define deduction amounts from wages towards welfare and death donation in the consent letter for outsourced security guards.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.The wages difference addressed with security service providing company and agreed to review together and rectified align to the minimum wages standards.The outstanding amount will process with payment of Jan 2020
2. Security company deduct pre agreed amount from staff towards to welfare and death donation. The policy and deduction consent from security staff were received and maintain now for review. Facility Admin staff shall coordinate with security service provider to obtain the individual written consent for deduction in future

NEW FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

Working hour limits are not included in employment contracts for the catering service provider. Time records revealed that workers are deployed in 2 shifts: 7:30am to 4:00pm and 9.00pm to 6:00am. [ER.2]

Local Law or Code Requirement

FLA Workplace Code Employment Relationship Benchmark ER.2.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Facility prepare 2 main meals in the site and the process were contracted to a third party service provider. To meet the meals issuance the canteen staff call for work on 2 shifts 8 hours of work and overtime on choice. However the regular work hours were not mentioned in the letter of appointments issued to the worker and facility shall coordinate with service provider and advise for correction.

NEW FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

Clause 3 in Annex 2 of the security service provider agreement defines 12-hour shifts per day. This includes eight regular hours, an hour break, and three overtime hours.

Local Law or Code Requirement

FLA Workplace Code Employment Relationship benchmark ER.24.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Premises security outsourced to a third party company and request 24 hours service to protect the properties. Additionally the site installed 34 CCTV points to make ease security controls. Due to nature of the job, security staff allowed to perform daily 12 hours work and get one day off within period of 7 days. however over time is not mandate & staff can leave the work while shift is continuing by a releasing officer. Facility shall review the clause included in the agreement at next renewals to change defining 8 hours of work and overtime on choice

NEW FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

Time records from July 2019 show workers worked until 6:15pm on July 6, 2019 (Saturday). Four security guards left the factory at 1:30pm and one left at 4:30pm. This indicates there were no female security guards in the factory after 4:30pm while female workers worked until 6:15pm.

Local Law or Code Requirement

FLA Workplace Code Harassment and Abuse benchmark H/A.10

COMPANY ACTION PLANS

Action Plan no 1.

Description

Facility encourage and closely monitor weekly work hours of security staff, in this isolate case few lady security officers were early shift off to meet weekly over time limits while the facility general shift off at 6.15 p.m. However Facility Admin team educated to keep adequate lady security officers till general shift off in case to manage security clearance of females.

NEW FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. Workers report grievances to the factory HR Assistant who visits the productions areas and notes issues. As stated by management, grievances reported are transferred to a register and any action documented. Not all grievances reported were logged in the grievance register. [ER.2]
2. There is no feedback system in place to ensure workers are satisfied with action taken or if they had any further concerns. [ER.25.2]
3. Workers report grievances to supervisors. There is no documented system in place to ensure that grievances reported to supervisors are communicated to HR department. [ER.2]
4. The HR Director at HQ receives grievances over the phone from workers and communicates them to the factory HR assistant. This log of grievances is not maintained; grievances reported to the HR Assistant were not recorded post July 25, 2019. [ER.2]
5. Root causes of grievances are not identified or tracked and appropriate action to prevent future occurrence is not addressed.
6. Grievances boxes are opened at fixed weekly intervals which may discourage use of this grievance channel. [ER.25.3]

Local Law or Code Requirement

FLA Workplace Code Employment Relationship benchmarks ER.2, ER.25.2 and ER.25.3.

COMPANY ACTION PLANS

Action Plan no 1.

Description

"Facility Grievance handling system developed based on HR principles improving trust, transparency and dignity at work place. the mechanism encourages employees to bring concerns freely at any level of the management.

The grievances / concerns raised being addressed and given timely feedback. However observed some lapses related to recording grievances, effectiveness of the feedback and finding root causes etc. which management work for further improvements. Further management will propose KPI in resolving work place grievance and details including the concern, action, agreement and root cause analysis via an on line platform allows any time access of data to review and use for improvements of the system."

NEW FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The Union and DCC (Direct Consultative Committee) representatives have not been consulted for disciplinary actions, which resulted in the dismissal of an employee. Management stated that the union and DCC members are kept informed verbally.

Local Law or Code Requirement

FLA Workplace Code Employment Relationship benchmark ER.25.5

COMPANY ACTION PLANS

Action Plan no 1.

Description

Disciplinary actions proceeds with align to the Disciplinary procedure of the company. When any worker found in-disciplined or violated company code of conduct the process applied in fair and justice manner. facility ensure actions are taken based on the facts and figures considering raised in the process of investigation. DCC/Union representatives inform the process cause of action related to the case to maintain transparency and these discussions will be minuted and filed with both parties agreement.

However raised case during the verification is highlighted the union/DCC representatives were informed and not maintain proper documents evidences due to laps of filing and ensure all related details are properly minuted & maintained in future.

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NEW FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Production planning is done for 10 hours of work each day which includes 1 hour of Overtime. [ER.24]
2. As a systematic practice, workers work one hour of overtime five days a week and nine hours at least two Saturdays every month. [HOW.1]
3. Contract security guards worked up to 63 hours a week in July 2019. [HOW.1.3]
4. Gate passes are issued to workers when they wish to leave the factory during working hours for personal reasons. Security guards manually record time of exit and entry from factory. Entry time was not recorded for 2 to 3 workers on Aug 28, 2019. Similar instances were noted in records for the past 10 days. Some worker's employee numbers are recorded with no record of exit or entry time. [ER.2]

Local Law or Code Requirement

FLA Workplace Code Employment Relationship Benchmarks ER.2, ER.24 and Hours of Work Benchmark HOW.1.3

Recommendations for Immediate Action

1. Plan production based on regular hours of work, not including overtime work.

2. Overtime work should not be required or requested on a regular basis.

3. Monitor and ensure workers do not work beyond 60 hours a week.

4. Record time of entry and exit of workers from factory using an electronic system.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.Avoid regular overtime

Comments:

1. Production planning been conducted with detail analysis such type /style of the product,foretasted staff leave/absenteeism, delivery / supply chain commitment etc. Allowing one hour of overtime, it not means that every employee mandate to perform extra hour; employee has all rights to refuse & overtime performed with worker written consent only. however facility apply 5 day work week and employees are more free to select the choice of working overtime.

2.Five day a week concept is a administrative relax set by the national authorities with involvement of tripartite such state, employers and the trade unions. Facility has obtained the labor approvals to practice this concept and it allows employees to get 4 Saturdays paid off & or to work 2 Saturdays on choice at 1.5 premium over time rate. This flex work arrangement assist employee to work on choice and engage overtime 5 to 14 hours weekly & 38 hours in total monthly and to work life balance.

4.Every employee when go out from the premises during work hours should obtain approvals and mark details at the security entrance. However some cases details were not captured correctly due to oversight of the security guard at the gate. Facility shall strengthen the recording procedure and ensure all details are captured & maintain sufficiently.

FINDING TYPE: Health & Safety

Finding Explanation

1. Hand rails are not installed on the ladder near the water treatment plant. Short handles provided may not prevent a fall. [HSE.1]
2. Traffic lanes are not marked near the factory and speed bumps, reflectors, and convex mirrors are not installed. [HSE.1]
3. A hand dryer is not provided in male restroom. [HSE.1]
4. A confined space (water tank) is not labeled. Cars are parked on covers of confined areas. [HSE.1]
5. There are no safe operating instructions posted on washing machines, heat sealing machines, the boiler, or power generator. [HSE.14.3]

Local Law or Code Requirement

FLA Workplace Code Health, Safety and Environment Benchmarks HSE.1 and HSE.14.3.

Recommendations for Immediate Action

1. Provide hand rails on ladder near the water treatment plant.
2. Mark traffic lanes inside the factory and provide speed breakers, reflectors, and convex mirror to assist in movement of traffic.
3. Provide hand dryer in male restrooms.
4. Label confined space (water tank). Cars should not be parked on covers of confined areas.
5. Post safe operating instructions on washing machines, heat sealing machines, boiler, and power generator.

NEW FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Fabric dust was found on machines where red fabric was used. Sewing operators were not provided with dust masks. [HSE.7]
2. Fire resistant welding gloves are not provided to welders. A welder was using cotton gloves. Cotton gloves used by one maintenance worker were damaged and fingers were exposed. [HSE.7]

Local Law or Code Requirement

FLA Workplace Code Health, Safety & Environment Benchmark HSE.7; Factories Ordinance 1942 (Amended in 2002) Section 45 .

Recommendations for Immediate Action

1. Provide dust masks to sewing machine operators.
2. Provide fire resistant welding gloves to welder and replace damaged gloves.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.Educate employees to use dust masks when required

2.Mandate of using PPE's while operating over lock machines to avoid inhale dust particulars

comment:

1.Facility identified PPE requirement through an assessment of the work activity performed. In the sewing line all over lock machine operators mandate to use dust mask, however often we find fabric dust when handling different fabric and facility educate employee to use dust mask to avoid inhaling dust particulars

2.Fire resistant welding glove were provided and educate worker to use while at work

Company Action Plan Update

1. Educated workers impact of not using PPE's while at work

NEW FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no spill response kit in the chemical storage area. [HSE 9.1]
2. Chemical containers are not labeled in the local language and hazard labels are not posted. [HSE 9.1.1]
3. Water pressure in the eyewash station was not strong, so ineffective.

Local Law or Code Requirement

Factories Ordinance 1942 (Amended in 2002) –Section 45 ; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE 9.1 and HSE 9.1.1)

Recommendations for Immediate Action

1. Provide spill response kit in chemical storage area.
2. Label chemical containers in local language and post hazard label on containers.
3. Maintain adequate water pressure in eyewash station.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Explanation :

Chemical management process including purchasing, storing and issuing are in place and facility agreed to provide spill response kit, label in native language in missing chemical containers and adequate water pressure in the ey wash station provided.

1.Coordinate with registered supplier and purchase the spill kit and label all chemicals in local language

Action Plan no 2.

Description

1.Keep standby spill kit to manage any spillage of chemicals

2.To serve better understand on the content of the chemicals having labeling in local language

Action Plan no 3.

Description

Explanation: Chemical management process including purchasing, storing and issuing are in place and facility agreed to provide spill response kit, label in native language in missing chemical containers and adequate water pressure in the eye wash station provided.

1.Coordinate with procurement and internal departments to fix the concern raised

NEW FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are several places on the sewing floor where workers were sitting back-to-back, restricting access to passages in case of an emergency.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmark HSE.5); Board of Investments – Labor standards and employment relations manual- Section 6 – Industrial Safety subsection 6.15.

Recommendations for Immediate Action

Maintain clear access to passages from work stations.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Explanation: Facility technical team review production lay out and fix the layout. some of work stations arranged back to back sitting to make ease the flow of operation. However facility instructed technical team to arrange work lay meeting adequate space evacuation.

Action: Technical team will review and avoid arranging lay out back to back seating position

Company Action Plan Update

1.Maintain adequate evacuation space in sewing line & ensure ease evacuation during an emergency.

2.Provide adequate space around the work station

NEW FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The factory did not have complete written documents to substantiate consultation with the union prior to changing from a six-day to a five- day work week, effective March 1, 2019. Management conducted an awareness meeting focusing on the issue, though there are no minutes from the meeting. Management provided documents titled "Awareness meeting" with union member signatures. Signatures of 6 of 9 members from the union and 10 of 11 members from the DCC were in pencil. Management stated that the union members and DCC members were consulted verbally and this was confirmed during interviews with the union and DCC members. Regular meetings did not include working hour discussions.

Local Law or Code Requirement

FLA Workplace Code (Employment Relation benchmark ER 25.5).

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.Improve recording of pre communication sessions with DCC/UNION and workers
- 2.Keep meeting minutes of awareness conducted for union / DCC representatives

Comment:

All workers in garment manufacturing trade work practices are covered by wages board ordinance. Every worker has to perform 45.5 work hours per week. However with the administrative relax provided by labor department with consultation tri parties, employers are allowed to apply for 5 day work week; means spreading 45 hours among Monday to Friday with mutual agreement and implementation upon receiving the written approval from the commissioner general in Sri Lanka. for this facility has made structured communication plan with involvement of HR, Line managers, DCC & Trade union members.

However some of communication correspondence were not available during audit time due to lapses in filing documentation. Facility shall pay attention in maintaining documentations in future with accuracy.

Company Action Plan Update

- 1.Recording communication evidences for Union/DCC and workers in the plant and ensure transparency in communication